

Message Text

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ORIGIN SS-25

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TREAS. GPARSKY

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S/S - MR. ORTIZ

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS FLASH

C O N F I D E N T I A L STATE 267048

EXDIS

E.O. 11652:GDS

TAGS:EFIN

SUBJECT: ECONOMIC SUMMIT

FOR THE AMBASSADOR

1. PLEASE DELIVER THE FOLLOWING LETTER FROM THE PRESIDENT
TO GISCARD:

2. DEAR MR. PRESIDENT: I AM WRITING TO SHARE MY THOUGHTS
WITH YOU AS WE PREPARE FOR THE MEETING AT RAMBOUILLET.
ALTHOUGH WE HAVE BEEN CAREFUL NOT TO LEAD PUBLIC OPINION
TO EXPECT DRAMATIC RESULTS, I AM CONVINCED THAT WE MUST
USE THIS UNPRECEDENTED OPPORTUNITY TO BEGIN TO LAY
THE FOUNDATIONS FOR A PROLONGED PERIOD OF SHARED PROSPERITY.
ON REFLECTION, IT SEEMS TO ME THAT OUR PUBLICS AND OUR
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PARLIAMENTS WILL EXPECT NOTHING LESS AND THAT WE CAN, IN

FACT, ACHIEVE SUBSTANTIAL PROGRESS.

3. OUR FIRST TASK AT RAMBOUILLET WILL BE TO BUILD CONFIDENCE IN THE ECONOMIC RECOVERY UNDERWAY IN THE UNITED STATES AND JAPAN AND WHICH IS BEGINNING IN EUROPE. HERE, I BELIEVE, A CAREFUL PRESENTATION OF THE MOST RECENT TRENDS WILL BE CONVINCING.

4. NEXT, WE NEED TO DEMONSTRATE TO OUR PUBLICS OUR INTENTION TO DIRECT THE COURSE OF THE RECOVERY SO AS TO MAINTAIN STABLE ECONOMIC GROWTH IN THE FUTURE. IN THIS CONNECTION, WE MIGHT CONSIDER WHETHER CLOSER COOPERATION AMONG OUR OFFICIALS RESPONSIBLE FOR ECONOMIC POLICY, COUPLED WITH THE ARTICULATION OF JOINT GOALS FOR THE MAJOR INDUSTRIALIZED ECONOMIES, WOULD NOT BE DESIRABLE. THESE GOALS MIGHT BE:

-- TO GENERALIZE THE RECOVERY DURING 1976 AMONG THE MAJOR INDUSTRIAL COUNTRIES.

-- TO SEEK TO RESTORE SUSTAINED VIGOROUS ECONOMIC EXPANSION AND HIGH LEVELS OF EMPLOYMENT BY 1977.

-- TO REDUCE INFLATION AND DISPARITIES AMONG NATIONAL INFLATION RATES.

-- TO RESTORE VIGOROUS GROWTH IN TRADE.

5. THIRD, OUR MEETING MUST COME TO GRIPS WITH THE SPECIFIC PROBLEMS OF TRADE, MONEY, AND ENERGY.

6. TRADE IS CLEARLY CRITICAL. WE SHOULD, I BELIEVE, PROVIDE NEEDED IMPETUS TO THE MULTILATERAL TRADE NEGOTIATIONS UNDERWAY IN GENEVA, SETTING 1977 AS THE DEADLINE FOR THEIR COMPLETION AND IDENTIFYING AS OUR GOALS:

-- A MAJOR CUT IN TARIFFS (NO LESS THAN THAT ACHIEVED IN THE KENNEDY ROUND);

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-- REDUCTION OF NON-TARIFF MEASURES BY NEGOTIATION OF CODES;

-- SIGNIFICANT IMPROVEMENT IN AGRICULTURAL TRADE; AND

-- ELIMINATION OF TARIFFS IN GIVEN COMMODITY AREAS.

7. WE SHOULD ALSO REAFFIRM OUR OECD PLEDGE NOT TO TAKE

RESTRICTIVE ACTION.

8. ON MONETARY ISSUES, THE DIVERGENT POSITIONS OF A YEAR AGO HAVE NARROWED CONSIDERABLY. THESE PAST WEEKS, UNDER SECRETARY YEO AND REPRESENTATIVES OF YOUR GOVERNMENT HAVE BEEN MAKING AN INTENSIVE EFFORT TO RESOLVE REMAINING DIFFERENCES. IF THESE DISCUSSIONS SHOULD SUCCEED, CHANCES WILL BE GOOD OF

GETTING THE WHOLE NEW MONETARY STRUCTURE IN PLACE BY THE JANUARY MEETING OF THE IMF. IN THIS AREA AS IN OTHERS, I DO NOT THINK THAT WE SHOULD OURSELVES ATTEMPT TO NEGOTIATE OUTSTANDING ISSUES AT THE SUMMIT. THE TIME IS TOO SHORT; THE ISSUES ARE OFTEN TECHNICAL; AND IT WOULD BE WRONG TO DIVERT OUR EFFORTS FROM WHAT ONLY WE CAN DO -- SET FUNDAMENTAL POLICY DIRECTIONS -- TO WHAT MINISTERS CAN DO.

9. ON ENERGY, A FRANK DISCUSSION OF THE POSITION OF OUR COUNTRIES AS WE EMERGE FROM THE RECESSION AND ENTER THE ECONOMIC DIALOGUE WITH THE DEVELOPING COUNTRIES AND KEY OPEC MEMBERS IS CLEARLY IN ORDER. MY PRESENTATION ON ENERGY WILL INCLUDE DISCUSSION OF THE ENERGY SITUATION IN THE UNITED STATES, THE STATUS OF CONSUMER COUNTRY COOPERATION, AND OUR VIEWS ON WHAT CAN AND CANNOT BE DONE IN ENERGY IN THE DIALOGUE.

10. FINALLY, WITH THE DIALOGUE IMMINENT AND IN THE WAKE OF THE SEVENTH SPECIAL SESSION OF THE UNITED NATIONS, IT WOULD BE BOTH APPROPRIATE AND POLITIC PUBLICLY TO ACKNOWLEDGE THE RELATIONSHIP OF OUR DELIBERATIONS TO THE ASPIRATIONS OF THE DEVELOPING CONFIDENTIAL

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WORLD TO RESTATE OUR COMMITMENT TO A TRANSFORMATION OF THE RELATIONS BETWEEN THE INDUSTRIALIZED AND DEVELOPING WORLD.

11. AS I NOW SEE IT, IN ORDER FOR OUR MEETING TO HAVE THE DESIRED RESULTS, WE SHOULD PREPARE AND ISSUE A JOINT STATEMENT EMBODYING OUR CONCLUSIONS. WE ARE ALL FIRMLY IN AGREEMENT THAT OUR MEETING SHOULD NOT CONCERN ITSELF UNDULY WITH THE PREPARATION OF A TEXT. THAT TASK CAN BE LARGELY CONFIDED TO THE OFFICIALS THAT WILL ACCOMPANY US.

12. TO PROVIDE YOU AND YOUR ASSOCIATES WITH A FURTHER INDICATION -- AND SOME SPECIFICS -- OF WHAT WE BELIEVE WE MIGHT SAY IN SUCH A JOINT

STATEMENT, GEORGE SHULTZ, OUR REPRESENTATIVE AT THE NOVEMBER 11 MEETING IN LONDON IS PROPOSING A TEXT WHICH EMBODIES OUR THINKING ON THE ISSUES TO BE ADDRESSED AND OUR SUGGESTIONS ON WHAT SHOULD BE SAID PUBLICLY ABOUT THEM.

13. I AM SENDING SIMILAR LETTERS TO EACH OF THE LEADERS WHO WILL JOIN US AT RAMBOUILLET. I LOOK FORWARD TO SEEING YOU THERE. GERALD R. FORD. INGERSOLL

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